



January 26, 2010

Darcy L. Endo-Omoto
Vice President
Government & Community Affairs

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
465 South King Street, First Floor
Kekuanaoa Building
Honolulu, Hawaii 96813

FILED
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PUBLIC UTILITIES
COMMISSION

Dear Commissioners:

Subject: Docket No. 2008-0273 – Feed-in Tariff (“FIT”) Proceeding
Scope of Work Revision - Independent Observer Contract

On December 7, 2009, Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Limited (collectively the “Hawaiian Electric Companies”), submitted for Commission approval the Hawaiian Electric-ACCION GROUP, INC.-Harry T. Judd contract for the Independent Observer position¹ for the Feed-in Tariff proceeding. Subsequently, the Hawaiian Electric Companies’, with the concurrence of Mr. Judd, refined and expanded on the Scope of Work and the responsibilities of the Independent Observer². Therefore, enclosed for filing is a revised Attachment A (Scope of Work) to the Independent Observer Contract, filed on December 7, 2009.

Sincerely,

Attachment

c: Service List

¹ See, page 93 of the Decision and Order filed September 25, 2009 in the above subject proceeding (“Decision and Order”), which states that “An independent third party... will assist in developing the queuing process, and inform parties of the queue length and their status in it. The independent third party will also monitor how the utility administers the queue.”

² Information on the development and termination of the proposed Queuing website and the data collected is delineated.

SERVICE LIST
(Docket No. 2008-0273)

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Attachment A - Scope of Work (Revised)

Provide Independent Observer services consistent with Decision & Order dated September 25, 2009 in Docket No. 2008-0273. This will include, but not be limited to, providing assistance to the Company for the development of the queuing procedures for the Company's Feed-In Tariff programs for HECO, MECO, and HELCO. The Independent Observer will also monitor the Company's administration of the queue and inform parties of the queue length and their status in it.

In addition, the Company recognizes that there are a number of contracting mechanisms currently available to parties seeking as-available renewable energy contracts. These include competitive bidding, FIT, bi-lateral PPAs, NEM, Schedule Q, and standard interconnection agreements. To help manage these various contracting mechanisms, the Independent Observer will provide assistance to the Company with the development of queuing procedures that fairly and transparently govern power procurement and interconnection and avoid unfair advantages that can be gained by developers.

Responsibilities of the Independent Observer

The responsibilities of the Independent Observer will include the following:

- Assist in developing the queuing process, including review and comment on the proposed queuing procedures;
- Monitor the decisions made by the Company regarding the queuing process to ensure the process is fair and equitable to all projects;
- Review and assess the qualitative evaluation process for selecting project applications based on the evaluation criteria selected;
- Inform the Applicants of the status of the queue, including the queue length and their status in it;
- Monitor how the Company administers the queue.
- Report to the Commission on monitoring results during the FIT queuing and administration process, sufficiently early so that the Commission can correct defects or eliminate uncertainties without endangering the ability of projects to be completed;
- Be available to the Commission as a witness, if required, to evaluate a complaint filed against the Company for non-

- compliance with the FIT queuing procedures, for the duration of this contract for IO services;
- At the end of the first two-year reexamination period, provide an overall assessment of the FIT program and recommendations for the next period.

Scope of Work and Estimate of Fees

Phase I: Development of Queuing & Interconnection Procedures
\$48,750

- One or two on-site sessions with the Company to establish protocols, establish goals, establish the evaluation methodology and modeling
- Meeting with interested parties
- Establish queuing parameters, procedures and criteria for Tier 1 and Tier 2 to accommodate each permissible resource type
- Confirm structure for determining and applying queuing criteria
- Confirm how and when the terms and pricing for a "typical project" for each renewable resource type will be established
- Establish and run "mock applications", test viability assessment procedures and results
- Meet with Commission Staff to confirm expectations
- Monitor positions submitted in Docket No. 2008-0273 by parties, and comments from bidders regarding the protocols and process designed by the Company
- Review and comment on draft documents, including pro-forma contracts and tariff provisions
- Provide assistance in establishing the terms and pricing for a "typical project" for each allowable technology
- Review determinations on application sufficiency and adherence to approved FIT protocols and requirements
- Review all determinations for distribution system impact, engineering sufficiency, credit assurances, ability to deliver by bidder
- Provide the Commission with a report on the development of the FIT process
- Assist the Company with the development of queuing procedures for its various contracting mechanisms that fairly and transparently govern power procurement and interconnection and avoid unfair advantages that can be gained by developers.

Phase II: FIT Monitoring \$47,700

- Monitor the Company's administration of the queuing procedures
- Monitor workshops and respond to inquiries from interested parties
- Publish and notify applicants of queue position and status
- Provide recommendations for revisions or amendment of process, as necessary
- Prepare and present a report to the Commission on the development and implementation of the FIT program from inception through the evaluation period.

Website Services: \$40,100

Web site design, implementation, and 24 months of support

\$33,800

Domain name, 24 months of hosting and Security Certificate (at cost)

\$ 6,300

All programming and software is deemed proprietary and therefore remains the sole property of the Independent Observer. The Company retains ownership and rights to all documents and materials relating to the Company's FIT project collected and processed through the Company-IO website.

Upon expiration of the initial contract, the Company may extend the contract for website services if it chooses to do so. If the Company elects not to extend the contract, the Independent Observer will cooperate with the Company and/ or with the new website services vendor chosen by the Company to transition the FIT materials to the new web based platform.

Out-of-Pocket Expenses:

Expenses, including travel expenses, are included in the descriptions above.

Project Completion

With the conclusion of the initial two-year re-examination period and submittal of the Independent Observer's final report to the Commission, the Company may extend the contract for Independent Observer services with Accion, subject to Commission approval. In the event that the Company does not choose to extend Accion's contract, or if the Commission does not provide its approval, Accion will ensure a transfer of all FIT materials to the Company, including all applications and supporting documentation, evaluation and viability assessment, and all other data collected on the website. In addition,

all data collected on the website will be stored by Accion on a secure server for at least two years, should the Company determine that additional copies of the data are needed for any reason.